



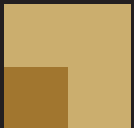
# Non-habitual residents in Portugal

FRAMEWORK AND CONDITIONS



*“The lawyers provide an excellent level of attention to the client and demonstrate a superb knowledge of the market and the latest legislation.”*

*Client reference from Chambers and Partners.*



*The lawyers of this practice have professional experience and specialist training. This enables them to respond efficiently to their clients' needs for assistance in tax matters.*

## PLMJ, Trusted Partner

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As a reference for legal practice in Portugal and internationally, PLMJ stands out for its dedication to its clients, its dynamism, its capacity for innovation and the quality of its services. PLMJ is a full-service firm that is highly specialised and focused on adding value to its clients' activities. With its high ethical standards, PLMJ is cohesive, united, competitive and equipped to provide first class legal services.

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18 LAWYERS WHO SPECIALISE IN TAX LAW

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50 YEARS' EXPERIENCE

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NATIONAL AND INTERNATIONAL COVERAGE

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PREMIUM LEGAL SERVICES

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KNOW-HOW & EXPERTISE

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CLIENT FOCUS

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24/7 ACCESS

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## What is the NHR scheme?

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*The non-habitual resident tax scheme (NHR) is a scheme established under Portuguese tax law that allows individuals to benefit from a special tax status for a period of 10 years.*

## What are the conditions to benefit from the NHR?

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1. YOU MUST NOT HAVE BEEN A TAX RESIDENT IN PORTUGAL IN THE LAST 5 YEARS

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2. YOU MUST TAKE UP TAX RESIDENCY IN PORTUGAL, WHICH IMPLIES:
  - Remaining in Portugal for more than 183 days in any period of 12 months beginning or ending in the year in question; or
  - If you reside here for a shorter period, you must dispose, in any period of 12 months beginning or ending during the year in question, of a dwelling in Portugal in such conditions that it may be inferred that there is the intention to keep and occupy it as a habitual abode.

## Steps to obtain NHR status

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1. OBTAIN A PORTUGUESE TAXPAYER NUMBER, REGISTER AS PORTUGUESE TAX RESIDENT AND OBTAIN A PASSCODE TO ACCESS TO THE PORTUGUESE TAX AUTHORITIES OFFICIAL WEBSITE

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2. MAKE AN APPLICATION TO THE PORTUGUESE TAX AUTHORITIES BY 31 MARCH OF THE YEAR FOLLOWING THE ONE IN WHICH YOU BECAME A TAX RESIDENT (THE STATUS IS GRANTED AFTER INDIVIDUAL CONSIDERATION BY THE TAX AUTHORITIES)

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3. ON AVERAGE, APPLICATIONS FOR NHR STATUS ARE PROCESSED IN AROUND 48 HOURS (WITH RETROACTIVE EFFECT TO THE DATE OF REGISTRATION AS PORTUGUESE TAX RESIDENT)

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# Rates applicable under the NHR scheme

INCOME	SOURCE OF INCOME		CONDITIONS
	In Portugal	Abroad	
SALARY	20% (+ up to 3.21% surcharge)	Exempt	Salary earned in Portugal: the reduced rate only applies in the case of high added value activities (see note)  Salary earned abroad: exempt if effectively taxed in the source State
PENSIONS	Taxed at progressive rates up to 48% (+ up to 3.21% surcharge + up to 5% additional solidarity rate)		Pensions earned abroad: the exemption only applies when the pensions are not considered to be earned in Portugal
BUSINESS INCOME	20% (+ up to 3.21% surcharge)		Income earned in Portugal: the reduced rate only applies in the case of high added value activities (see note)  Income earned abroad: exempt only for high added value activities and as long as the income may be taxed in the source State under a double taxation treaty or under the OECD model convention and, in the latter case, the income is not from an off-shore source
INCOME FROM REAL ESTATE	28%		Income earned abroad: exempt under the same conditions as long as the income may be taxed in the source State under a double taxation treaty or under the OECD model convention and, in the latter case, the income is not from an off-shore source
INTEREST			
DIVIDENDS			
ROYALTIES			

NOTE: "High value added activities" include, among others, architects, engineers, auditors, medical doctors, IT specialists and upper management with binding powers.

# Other taxes

## WEALTH TAX

Does not apply in Portugal except for the additional Municipal Property Tax. In the case of individuals, this tax is levied at a rate of 0,7%/annum over residential properties or land for construction located in Portuguese territory with an aggregated tax value per taxpayer above EUR 600.000 (or above EUR 1.2M in case of married individuals or unmarried partners who choose joint taxation). Whenever the aggregated tax value exceeds EUR 1M (or 2M in case of married individuals or unmarried partners who choose joint taxation) a marginal rate of 1%/annum will apply.

## OBLIGATION TO DISCLOSE ASSETS

This does not apply, with the exception of the obligation to disclose the IBAN of bank accounts held outside Portugal (even if not generating taxable income).

## INHERITANCE AND GIFT TAX

Gifts and inheritances are not subject to stamp tax where the assets are not physically or legally located in Portugal. In the case of gifts or legacies in favour of non-legal heirs, stamp tax applies on the tax value of the assets being transferred (not the market value) at a rate of 10% (10.8% for gifts of real estate). Notwithstanding, gifts and inheritances are always exempt when the beneficiaries are the spouses, children, grandchildren, parents and grandparents of the donor/deceased (exception made to gifts of real estate, which are always subject to stamp tax at a rate of 0.8% levied over the tax value of the real estate donated).



## How can PLMJ help?

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The lawyers of PLMJ's tax practice specialise in providing legal assistance in relation to:

ANALYSIS OF THE TAX SITUATION OF EACH APPLICANT

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SUPPORT IN OBTAINING A TAXPAYER NUMBER AND NHR STATUS

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ASSISTANCE WITHIN THE PROCESS OF DOMICILIATION IN PORTUGAL

Purchase or letting of real estate, assistance regarding the granting of a residence permit under EU or the golden visa regime, health care support, transfer of car registrations and the respective tax implications in Portugal.

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COMPLETION AND FILING OF TAX AND SOCIAL SECURITY DECLARATIONS

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## For further information please contact:

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*“It is a pleasure to work with these lawyers; they have deep expertise and provide clear and structured advice.”*

*Client reference from Chambers and Partners.*

## Awards and Recognitions

### IBERIAN LAW FIRM OF THE YEAR

*The Lawyer European Awards 2015, 2012*



### PORTUGUESE LAW FIRM OF THE YEAR

*Who's Who Legal 2016, 2015, 2011-2006*

*Chambers European Excellence Awards 2014, 2012, 2009, Top Ranked 2017-2015*



### TOP 50 - MOST INNOVATIVE LAW FIRMS IN CONTINENTAL EUROPE

*Financial Times - Innovative Lawyers Awards 2016-2011*



The Lawyers of this team are internationally recognized as leaders in tax practice.



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